

IN THE CLAIMS:

Please cancel claims 18-24, and amend claims 1, 2, 4, 7, 10, 13, and 14, as follows:

1. (Currently amended) A method for providing survivor's benefits to be paid to a designated beneficiary of a plan participant so that income tax and estate tax liability are minimized, thereby resulting in the receipt of a higher percentage of the benefits by the beneficiary, the method further producing a net reduction in liabilities for the participant's employer, the method comprising the steps of:

determining an amount of survivors' benefits to be paid to the participant's designated beneficiary, wherein at least a portion of the determined benefits are existing survivors' benefits designated under a plan;

permitting, by the employee, the substitution of a life insurance policy for the determined benefits ~~by the employee~~;

selecting the life insurance policy having a benefit amount approximately equal to the determined benefit amount;

providing a computer system for performing the steps of:

~~determining the premium~~ calculating a premium amount to be paid on behalf of the participant for the insurance policy having the selected benefit amount; and

calculating a before-tax value of a reduction in ~~participant~~ the participant's compensation such that an after-tax value of the reduction is approximately equal to the insurance policy premium;

deducting ~~an amount~~ the reduction value calculated by the computer system from the participant's compensation ~~equal to the insurance policy premium~~;

designating a beneficiary of the insurance ~~policy~~; policy;

paying the insurance premium on behalf of the participant ~~of the insurance plan premium~~; ~~wherein the paying is performed with participant compensation~~; and

entering the substitution of the life insurance policy for the determined benefits as a reduction in accrued employer liabilities on a balance sheet, wherein the selected insurance policy purchased on behalf of the participant, which is not subject to the employer's creditors, increases the survivor's benefits payable to the beneficiary.

2. (Currently amended) The method of claim 1, wherein the amount of survivor's benefits is determined by the participant or the participant's employer.

3. (Original) The method of claim 1, wherein the plan is selected from the group consisting of a non-qualified deferred compensation plan and a supplemental executive retirement plan.

4. (Currently amended) The method of claim 1, wherein the reduction in ~~participant~~ the participant's compensation is a reduction from a salary paid by the employer to the participant.

5. (Original) The method of claim 1, wherein the method may be performed at no additional cost to the employer.

6. (Original) The method of claim 1, wherein the determined benefits are greater than the existing survivors' benefits.

7. (Currently amended) The method of claim 1, ~~the method~~ further including an elimination of an existing survivor's benefit.

8. (Original) The method of claim 1, further comprising the step of:

upon the death of the participant, receiving by the beneficiary a remaining benefit amount of the insurance policy on an income tax-free and estate tax-free basis.

9. (Original) The method of claim 8, wherein the amount received by the beneficiary is approximately equal to the pre-tax value of the survivor's benefits intended to be distributed by the participant and the employer.

10. (Currently amended) A method for providing survivor's benefits to be paid to a designated beneficiary of a plan participant so that income tax and estate tax liability are minimized, thereby resulting in the receipt of a higher percentage of the benefits by the

beneficiary, the method further producing a net reduction in liabilities for the participant's employer, the method comprising the steps of:

reviewing an existing compensation structure to determine an amount of survivors' benefits currently provided;

permitting the substitution of ~~[[the]]~~ a life insurance policy for survivors' benefits by the employee;

calculating a reduction in plan survivorship liabilities caused by the substitution of ~~a life~~ the life insurance policy for survivors' benefits;

selecting the life insurance policy, wherein the life insurance policy has a benefit amount approximately equal to the ~~predetermined~~ determined benefit amount;

providing a computer system for performing the steps of:

~~determining a premium~~ calculating a premium amount to be paid by the employer for the insurance policy; and

calculating a before-tax value of a reduction in ~~employee~~ the participant's compensation such that an after-tax value of the reduction is approximately equal to the insurance policy premium;

paying the insurance ~~[[plan]]~~ premium calculated by the computer system;

designating a beneficiary of the insurance policy; and

entering the substitution of the life insurance policy for survivors' benefits as a reduction in liabilities on a balance sheet,

wherein ~~the method results in~~ a net reduction in survivorship liabilities is provided for the employer, and further wherein the selected insurance policy purchased on behalf of the ~~employee~~ participant, which is not available to the ~~employee~~ participant and employer's creditors, increases the survivors' benefits payable to the survivors of deceased participants.

11. (Original) The method of claim 10, wherein the plan is selected from the group consisting of a non-qualified deferred compensation plan and a supplemental executive retirement plan.

12. (Original) The method of claim 10, further comprising the step of agreeing by the parties to continued payment of the insurance plan premium.

13. (Currently amended) The method of claim 10, further comprising ~~the steps~~ the step of:
upon the death of the participant, receiving by the beneficiary the benefit amount of the insurance policy on a minimized income tax and estate tax basis.

14. (Currently amended) A method for providing survivor's benefits to be paid to a designated beneficiary of a plan participant without income tax and estate tax liability, thereby resulting in the receipt of a higher percentage of the benefits by the beneficiary, the method comprising the steps of:

reviewing an existing compensation structure to determine an amount of survivors' benefits currently provided;

determining an amount of benefits to be paid to the participant's survivor;

permitting, by the employee, the substitution of a life insurance policy for the survivors' benefits ~~by the employee~~;

calculating a reduction in plan survivorship liabilities;

selecting a life insurance policy having a benefit amount approximately equal to the ~~predetermined~~ determined benefit amount;

providing a computer system for performing the steps of:

~~determining~~ calculating an after-tax premium to be paid by the plan participant's employer for the insurance policy having the selected benefit amount; and

calculating a before-tax value of a reduction in ~~employee~~ the participant's compensation such that an after-tax value of the reduction is approximately equal to the premium;

paying of the insurance ~~[[plan]]~~ premium calculated by the computer system to purchase the life insurance policy, wherein the before-tax value of the reduction ~~retained~~ is retained by the employer ~~substantially offsets~~ to substantially offset the after-tax premium paid by the employer

such that [[that]] the employer purchases the life insurance policy at substantially no cost to the employer;

designating the plan participant's survivor as a beneficiary of the insurance policy; and

entering the reduction in plan survivorship liabilities in a balance sheet as a net increase in assets,

wherein ~~the method results in~~ a net reduction in survivorship liabilities is provided to the employer, and further wherein the selected insurance policy purchased by the employer, which is not subject to the employer's creditors, increases the survivor's benefits payable to the survivors of deceased participants.

15. (Original) The method of claim 14, wherein the plan is selected from the group consisting of a non-qualified deferred compensation plan and a supplemental executive retirement plan.

16. (Original) The method of claim 14, further comprising the step of agreeing by the parties to continued payment of the insurance plan premium.

17. (Original) The method of claim 14, further comprising the step of: upon the death of the participant, receiving by the beneficiary the benefit amount of the insurance policy on a minimal income tax and estate tax basis, wherein the amount received by the beneficiary is approximately equal to the pre-tax value of the survivor's benefits intended to by the participant and the employer to be distributed.

18 – 24. Cancelled.